

THE AUDIT PROCESS

Evaluations

APPROVAL/TRANSMITTAL

This is a new section which describes audit evaluation reports.

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A. BACKGROUND1. Applicability

Evaluations are performed by OIG to measure and report on the effectiveness and efficiency of the achievements of specific authorities or activities. Evaluations are differentiated from audits in that they are generally of a more limited scope, require less field testing, frequently feature just a single objective, and must be completed in a more restricted time frame. The Quality Standards for Inspections issued by the President's Council on Integrity and Efficiency (PCIE), March 1993, are the governing standards when performing evaluations.

B. TYPES OF REVIEWS

1. Program Results Reviews - These evaluations may address whether a program achieved its legislated mission in a cost effective manner. For example, a determination may be made regarding whether Rural Business Service's Business and Industry loan program produced a sufficient number of jobs and whether the cost-per-job ratio was acceptable. Another example is an evaluation of Rural Utilities Service Generation and Transmission loans to determine if, as a result, power needed by electric distribution cooperative was produced or whether power was available from other sources.

2. Data Analysis - These evaluations would encompass an assessment of data reported by agencies and whether it, or in comparison with information from other sources, indicates potential program deficiencies. For example, the RBS requirement to limit interest accrual on repurchased loans to 30 days could be assessed. A comparison of the cost of Rural Development's Rural Rental Housing construction with that of the Department of Housing and Urban Development could be made.

3. Review of Legislative Requirements - Evaluations of the continuing need for legislative requirements could be made. For example, a review of the

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Farm Service Agency's tobacco program could center on the congruity of Federal Assistance. An evaluation of whether the Rural Utilities Service borrowers should be subject to means testing could be performed.

4. Organizational Studies - Evaluations of the methods and measures employed by agencies to foster economy and efficiency could be performed. For example, the Rural Development job generation programs could be assessed to ascertain if there is overlap. The Forest Service's organization method of decentralization could be evaluated to determine if it provides for the necessary controls to adequately protect the nation's resources.

5. Evaluations of Final Action - Final action on audits could be evaluated to determine if recommendations had been implemented in accordance with the management decision. (Evaluations of this type would examine audit resolution on an audit-by-audit basis rather than the followup conducted as part of every audit which is generally limited to prior recommendations that parallel the new audit's objectives.)

6. External Requests - Generally, special requests, whether from Congress, agencies, or resulting from whistleblowers, consist of specific issues that can be evaluated within a narrow scope.

7. Recurring Requirements or Special Mandates - OIG reviews may be mandated by legislation or central guidance agencies such as the Office of Management and Budget. The scope of these evaluations is generally limited and would not require an assessment of the overall agency processes.

8. Reviews of Proposed Regulations - In accordance with the IG Act, OIG continually reviews regulations and provides comments when appropriate. Reviews of proposed regulations which would not encompass field testing may result in a special report to management.

9. Other Special Studies - Periodically, special studies are performed to develop information or to reply to some unique need. These studies would be performed within the context of evaluations.

C. APPLICABILITY OF IG Manual Sections (IGMs)

The PCIE standards promulgated for inspections closely parallel, in most material respects, the provisions of the government auditing standards. Accordingly, an evaluation report by OIG constitutes the same professional output as does an audit report. The provisions of the following IGMs specifically apply to evaluations: 7211 (Planning), 7213 (Independence), 7215 (Workpapers), 7217 (Distribution of Reports), 7218 (Management Decision), 7314 (Audit Programs/Job Planning and Supervision), 7316 (Reporting), and 7323 (Referencing).

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